

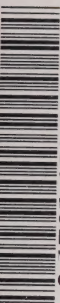
PROGRAMS FOR PROSPERITY

Ontario Development Corporation

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ONTARIO DEVELOPMENT CORPORATION

The Honourable
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Minister, Department
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TO ENCOURAGE INDUSTRIAL AND ECONOMIC DEVELOPMENT IN ONTARIO

This publication describes the programs administered by the Ontario Development Corporation. The Corporation welcomes enquiries from companies or individuals.

The Ontario Development Corporation was established in June 1966 by the Government of Ontario to provide financial and advisory services to business in order to stimulate industrial growth, economic development and employment opportunities in the province.

Reporting to the Legislature through the Minister of Trade & Development, the Corporation's activities are governed by a Board of Directors composed of representatives from the business and financial communities and labour.

The Corporation's financial assistance programs divide into two broad classifications: Performance Loans and Term Loans.

PERFORMANCE LOANS

provide incentives for industrial development in slow-growth areas of the province. These loans are interest-free, and, conditional upon satisfactory performance by the borrower, may be progressively forgiven over a six year period.

TERM LOANS

are tailored to meet a variety of business development requirements, in locations and situations where financing is often not available from conventional lending institutions. Interest rates, which generally approximate those of the Metropolitan Toronto market, are frequently reviewed. Details of current interest rates may be obtained from the Corporation. Repayment terms on loans are fitted to the individual circumstances of each borrower.



BASIC REQUIREMENTS

All applications for financial assistance must satisfy the following basic requirements:

- ☐ Applicants must be engaged in endeavours that will contribute in a substantial manner to the economic development of Ontario.
- ☐ Applicants must show that the management now in office (or proposed) is capable of operating the business successfully.
- ☐ Applicants must give evidence of the soundness of the venture and the ability to repay funds which may be provided.
- ☐ Applicants must have sufficient equity in the business to warrant financial assistance through the Corporation.

Further details of requirements for specific programs are noted elsewhere in the brochure.

CORPORATION FUNDS ARE NOT AVAILABLE TO:

Primary industries such as mining, logging, agriculture. (The Corporation may be able to advise companies of assistance available from other government sources for these industries.)

- ☐ Applicants able to secure funds from conventional lending institutions, the resources of the company, its partners, management, or principal stockholders, or from the sale of company assets.
- ☐ Companies requiring funds for financial readjustment, such as to free or repay existing loans.
- ☐ Industries where adequate capacity already exists in Ontario and Canada for their goods or services.
- ☐ Applicants in bankruptcy or insolvent.



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PERFORMANCE LOANS

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□ For new or expanding manufacturing facilities in designated areas.

Performance loans of up to 50% of approved new building and machinery costs, may be provided to Canadian-owned companies and up to 33⅓ per cent to foreign-owned companies. Major tourist attractions may also qualify.

Fisheries Restructuring Page 9

□ Assistance, up to 33⅓ per cent of approved capital costs, may be provided to commercial fishermen to convert their operations to fish for species or in waters free from pollution.



TERM LOANS

Loans to small businesses Page 10

□ Loans up to \$50,000 are available to small Canadian-owned businesses in all parts of the province to expand their operations in the fields of manufacturing or services closely allied to manufacturing.

Venture capital for Canadians Page 10

□ Loans up to \$100,000 for small Canadian companies to assist with the introduction of new technology, development of export markets, or establishment in Ontario of new manufacturing operations in co-operation with other investors.

Pollution control equipment loans Page 10

□ Loans up to \$250,000 are available throughout the province to companies which need to install approved pollution control equipment and are unable to finance it from their own resources.

Tourist industry loans Page 11

□ Loans up to \$75,000 are available to tourist resort operators to upgrade their facilities.

Industrial mortgages and leasebacks Page 11

□ When funds are not available from conventional lending institutions, the Corporation may provide long-term mortgage loans or leasebacks to assist with the establishment of new manufacturing facilities. These loans may be to a maximum of \$500,000. They are limited, primarily, to slow growth areas and normally not available in large metropolitan centres.

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PERFORMANCE LOANS

EQUALIZATION OF INDUSTRIAL OPPORTUNITY PROGRAM (E.I.O.)

Purpose

This program offers incentives to industry to locate new manufacturing operations in slow-growth areas of the province.

What Companies are Eligible?

- Secondary manufacturing companies establishing new manufacturing facilities, or making substantial additions to existing manufacturing facilities, in designated areas.
- Companies developing *major* tourist attractions that will retain tourists in resort areas in the off-season, thereby benefitting a substantial number of tourist resort operators.

Qualifying Requirements

In addition to the basic requirements outlined on page 5, companies applying for an E.I.O. performance loan must:

- Satisfy the Corporation that the project would not be undertaken in the location chosen and within the foreseeable future without the incentive provided by a performance loan.
- Satisfy the Corporation that they can operate satisfactorily in the proposed location, having regard to all local factors such as availability of labour, municipal services, transportation, etc.
- Provide minimum new building space of 5,000 sq. ft. or, in the case of building additions, a minimum increase of 10% or 5,000 sq. ft., whichever is greater.

- Install 75% new machinery. (If a company purchases or leases an existing vacant building, the building will not qualify for a performance loan, but machinery, if 75% new, as above, may qualify.)
- Have received prior approval from the Corporation before proceeding with the project.
- Proceed with the project within a reasonable period of time. (The Corporation reserves the right to cancel any commitment after 6 months if action has not by then been taken to implement the project).

How E.I.O. Performance Loans are Calculated

Canadian-owned companies are eligible for up to:

- 50 per cent of the approved capital cost of new buildings and new machinery.

Companies other than Canadian-owned are eligible for up to:

- 33⅓ per cent of the first \$250,000 of the approved capital cost of new buildings and machinery.
- 25 per cent of the balance of the approved cost of these facilities.

The maximum loan will be limited to \$500,000 in Northern and Eastern Ontario, and \$100,000 in the rest of the province.

For a list of the areas in which the Equalization of Industrial Opportunity program applies, contact the Ontario Development Corporation or the Trade & Industry Division of the Department of Trade and Development.



FISHERIES RESTRUCTURING LOANS

Purpose

Performance loans are available to assist commercial fishermen to make capital additions which will enable them to convert their operations to fish for species, or to fish in waters, not affected by pollution. Loans under this program provide incentives to the industry to restructure its operations.

Who is Eligible?

Full-time commercial fishermen whose current operations are substantially affected by pollution, and who can present a viable plan to fish for and market species not affected by pollution. In addition to performance loans, eligible applicants may also qualify for term loans if financing is not available from other sources.

Qualifying Requirements

Applicants for performance loans under the Fisheries Restructuring program must:

- ☐ Have the approval of, and appropriate license from, the Ontario Department of Lands & Forests for the proposed fishing operations.
- ☐ Satisfy the Corporation that a performance loan is the financial incentive needed to undertake a restructuring plan.
- ☐ Be a Canadian-owned business established in Ontario.

How Fisheries Restructuring Performance Loans are Calculated

Applicants are eligible for up to 33 $\frac{1}{3}$ per cent of the approved capital costs of the project, to a maximum performance loan of \$100,000.

Approved capital costs include new machinery and fishing gear, and necessary additions to shore facilities. Regular maintenance, supplies and service expenditures are not included in approved capital costs.

ADMINISTRATION OF PERFORMANCE LOANS (E.I.O. AND FISHERIES)

Performance loans are interest-free, over a term of six years. Provided that the business performs substantially on the basis for which the loan was approved, repayment of principal is progressively waived at the rate of:

10% at the end of each of the first five years.

50% at the end of the sixth year.

Appropriate security is taken for the loan. The Corporation may, at any time, demand repayment of all or part of the unforgiven portion of a performance loan if the borrower ceases operations, removes the business from the approved area, converts to non-eligible operations, or takes other action which, in the opinion of the Corporation, would defeat the purpose for which the performance loan was made.

The Corporation maintains a close follow-up with all loan recipients and in this connection requires regular reports, including financial statements.

TERM LOANS

LOANS TO SMALL BUSINESSES

Purpose

To assist small companies to expand, create employment, establish or increase exports, replace imports and generally, to stimulate economic and industrial growth in Ontario.

Businesses Eligible

Canadian-owned small businesses located anywhere in Ontario may qualify if they are engaged in manufacturing or in service industries closely allied to manufacturing. Some examples of service industries which may qualify are the canning industry, and other segments of the food processing industry, machine shops, printing and allied trades.

How is a Small Business Defined Under the Program?

For the purpose of the program a small business is normally defined as one in which the owners' investment does not exceed \$300,000.

What Type of Loan is Available?

Term loans to a maximum of \$50,000 are available. Repayment may run up to a period of 10 years.

"VENTURE CAPITAL FOR CANADIANS" FUND

Purpose

The purpose of the fund is to provide financial assistance to small Canadian-owned businesses in Ontario to:

- ☐ Introduce new technology in the industrial field that will help diversify the economy of Ontario.
- ☐ Establish or increase markets abroad.
- ☐ Enter into joint ventures with other investors.

Innovators will have the technical and scientific aspects of their inventions and/or new techniques screened by a joint committee of the Ontario Research Foundation and the Ontario Development Corporation.

Type of Investment

Normally, a debenture will be taken. Alternative forms of security may be taken when circumstances warrant. Repayment of principal will be tailored to meet the needs of the business. The maximum loan under the Venture Capital Fund is \$100,000.

POLLUTION CONTROL EQUIPMENT LOANS

Purpose

To provide funds for pollution control equipment to companies unable to finance the purchase from their own resources.

To Qualify for Assistance

A company must:

- ☐ Provide details of equipment to be installed.
- ☐ Show evidence of approval of the



equipment from the appropriate pollution control authorities.

What Type of Loan is Available?

- ☐ Term loans are based on the company's ability to repay. Repayment may run up to a period of ten years.
- ☐ The maximum loan is \$250,000.
- ☐ Disbursement of loan funds is contingent upon the installation being certified as operating satisfactorily by the pollution control authorities.

TOURIST INDUSTRY LOANS

Purpose

To strengthen and improve the tourist industry of Ontario.

Who is Eligible?

Resort operators located in areas where tourism is of prime importance to the local economy may receive term loans to:

- ☐ Winterize, renovate or generally upgrade and improve facilities.
- ☐ Carry out approved anti-pollution measures.

What Type of Loan is Available?

The maximum term loan under the Tourist Industry Loan Program is \$75,000. Repayment may run up to a period of fifteen years.

INDUSTRIAL MORTGAGES AND LEASEBACKS

The Corporation provides term financing through mortgages, debentures, etc., in many of Ontario's smaller centres of population. Loans are normally limited to a maximum of \$500,000. Repayment may run up to 20 years.

This financing is available for:

- ☐ Construction of new manufacturing buildings or the extension of existing buildings.
- ☐ Purchase of new manufacturing equipment that will substantially add to employment.

In certain slow-growth areas of the province the Corporation may consider building leasebacks or rental arrangements for companies engaged in manufacturing.

HOW TO APPLY FOR ASSISTANCE

A loan applicant should submit a summary outlining:

- ☐ Brief background history of the business and its principals.
- ☐ Financial statements.
- ☐ Proposed new project.
- ☐ Estimated capital costs.
- ☐ The amount and type of loan required.
- ☐ Details of employment.
- ☐ Types of product.
- ☐ Existing markets and market projections.

On the basis of this preliminary information the applicant will be advised whether or not the proposal comes within the Corporation's terms of reference. A further detailed investigation of the projects of eligible applications will then be carried out.

The Corporation may also arrange for applicants to obtain additional assistance in marketing, plant location etc., through the services provided by specialists in the Department of Trade and Development.

ONTARIO DEVELOPMENT CORPORATION

